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03 March 2020

# MOA GROUP TRADING UPDATE.

## First profitable EBITDA Year.

Moa Group Limited (NZX: MOA) (“Moa” or “the Group”), New Zealand’s premier brewing and hospitality company, today provided a trading update ahead of its FY20 results announcement at the end of May 2020.

The update takes into account the trading performance of the Group’s two segments: Moa Beverages, which brews and distributes Moa-branded craft beers and ciders and Moa Hospitality, which owns and operates a diverse portfolio of restaurants and bars across New Zealand.

The Group reports that it expects, for the first time, to post positive EBITDA for the financial year.

Further to the previous trading update on 23 September 2019, the Group’s expected FY20 revenue is on track to deliver in excess of \$40 million, however, expected Group EBITDA of approximately \$1.0 to \$1.5 million has suffered with a slower turnaround for the Beverages business and a longer than expected integration across the Group, resulting in high overhead and administration charges. The FY20 EBITDA result will be driven by Moa Hospitality, which acquired Savor Group in April 2019.

The Venues have delivered a solid performance with their EBITDA for the year expected to be between \$4.5 million to \$5 million excluding head office and administration costs. Despite the competitive hospitality market, particularly in Auckland, Moa Hospitality’s portfolio of venues performed well during the summer trading period. Newer venues at the Auckland Fish Market are attracting customers as they become more established in the Auckland market and are trading well. Lobster and Tap, the American style Lobster roll offering, which opened just before Christmas has been extremely well received and is earmarked for expansion.

The Group’s recently acquired Non Solo Pizza (NSP) performed in line with expectations and successfully builds on the Group strategy to expand its hospitality presence through a larger portfolio of venues across New Zealand and will continue to innovate and bring new concepts to market.

Moa Beverages has improved its position on last year and will deliver an EBITDA loss of approximately \$1.2 million for FY20. Product innovations including the launch of Vogel’s beer in 440mls cans and the lower calorie lager are proving popular with customers, Moa Beverages’ margins are improving, although the impact of these are flowing through later in the year than anticipated. Recent product mix changes have resulted in an improved month on month EBITDA performance in the most recent summer months.

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Moa Group's combined administration and overhead costs are expected to be approximately \$2.5 million. Management has identified that reducing costs and right sizing the business is a key focus. Actions such as implementing efficiency programs like the consolidation of Moa Group into Savor Group's premises from 1 March to capture cost savings and improve earnings is currently under way.

Moa Group Executive Chairman Geoff Ross says "Having made a strategic decision to vertically integrate Moa Group and invest in a leading hospitality group, we are pleased to report we are able to post Moa's first profitable year, and we see this position improving.

"Our results underscore the strength of our strategy to expand into the hospitality sector and the Group is actively looking to build on its success in the hospitality sector through further well-qualified acquisitions over the course of 2020."

"With respect to the Brewing business, strong in-roads have been made and management will continue to be focused on Innovation, integrating the teams and the rationalisation of overhead costs"

In relation to the recent concerns over the Covid-19 virus, there has been minimal impact to the Group as yet, however, it will continue to be monitored closely.

Moa Group will announce its full year 2020 financial results at the end of May 2020.

For more information contact:

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## About Moa Group Limited

Moa Group Limited (NZX: MOA) is a brewing and hospitality company owned by and based in New Zealand. The Group is made of two segments: Moa Beverages, which brews and distributes Moa branded craft beers and ciders, and Moa Hospitality, which owns and operates restaurants and bars across New Zealand following the acquisition of the Savor Group and Non Solo Pizza businesses in April and September 2019 respectively.